

Message Text

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FM AMCONSUL KARACHI

TO SECSTATE WASHDC 9042

INFO AMEMBASSY ISLAMABAD

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E.O. 11652: N/A

TAGS: BEXP, PK

SUBJECT: CHEMTEX/DUPONT PROPOSAL FOR POLYESTER PLANT

REF: A) KARACHI 1421 B) ISLAMABAD 6377

1. CHEMTEX NEGOTIATOR FRANK TONNIES RETURNED KARACHI JULY 15, 1975 FOLLOWED BY CHEMTZ EXEC ED EMERSON ON JULY 16 AND CHEMTEX SENIOR VICE PRESIDENT PETE PRATER AND DUPONT CHIEF OF FIBERS TECHNOLOGY WILLIAM STENBORG ON JULY 17. CHEMTEX/DUPONT EXECS HAVE BEEN ENGAGED OVER LAST FEW DAYS HERE IN AS YET INCONCLUSIVE NEGOTIATIONS WITH FCCC. APPEARS THESE NEGOTIATIONS ARE BEING STRUNG OUT BY EITHER FCCC OR MIN INDUSTRIES OR BOTH WITH OBJECT OF BUILDING UP PRESSURE ON CHEMTEX/DUPONT AND THEREBY EFFECT FURTHER BID REDUCTIONS.

2. ALTHOUGH WE HAVE HEARD WHAT SEEMS TO BE FAIRLY WELL AUTHENTICATED REPORT THAT TORAY, C/D'S CHIEF (AND AT THIS POINT ONLY) COMPETITOR, HAS BEEN ELIMINATED FROM RUNNING BY FCCC, OWING INCOMPLETE NATURE THEIR BID, C/D REPS HAVE BEEN TOLD BY FCCC THAT TORAY STILL VERY MUCH IN RUNNING AND HAS MADE FURTHER SUBSTANTIAL PRICE REDUCTIONS.

3. WOULD APPEAR FROM HERE THAT FCCC/MIN INDUSTRIES ARE ATTEMPTING SET UP CHINESE AUCTION ON WHICH TO WHIPSAW C/D AGAINST TORAY. SIXTY-FOUR DOLLAR QUESTION IS VALIDITY OF ALLEGED BID REDUCTIONS BEING MADE BY TORAY. CHEMTEX AS "INSURANCE POLICY" HAS OFFERED A FURTHER PRICE REDUCTION BUT WILL ONLY GO SO FAR IN CHINESE LIMITED OFFICIAL USE

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AUCTION GAME AND HAVE MADE IT CLEAR TO FCCC THAT BELOW CERTAIN

BID LEVEL WHOLE PROJECT BECOMES UNATTRACTIVE.

4. PRATER AND STENBORG LEFT KARACHI JULY 19 FOR OTHER BUSINESS IN TOKYO AND TONNIES AND EMERSON FLEW TO ISLAMABAD JULY 20 TO BE AVAILABLE DURING THIRD "FINAL" MEETING WHICH MINISTER INDUSTRIES RAFI RAZA HELD JULY 21 WITH FCCC CHAIRMAN MAHMOOD AHMED, POLYESTER PROJECT DIRECTOR DR. MUSHFIQ CHAUDHRY AND NDISC CHAIRMAN DR. AHMED SHAH NAWAZ, FROM WHICH SHOULD EMERGE DECISION ON BID AWARD FOR POLYESTER PLANT.

5. COMMENT: SINCE TORAY REPS HAVE APPARENTLY ALSO FLOWN TO ISLAMABAD TO BE ON HAND DURING "FINAL" NEGOTIATIONS, WE SUSPECT THAT PAKS MAY TRY TO CONTINUE CHINESE AUCTION, PLAYING OFF TORAY AGAINST CHEMTEX FOR FURTHER REDUCTIONS. WILL BE INTERESTING TO SEE WHO CALLS WHOSE BLUFF DURING NEXT COUPLE OF DAYS. WE HOPE THAT MIN INDUSTRIES OFFICIALS, WITH ALMOST EXCLUSIVE ATTENTION FIXED ON PRICE CONSIDERATIONS, DO NOT END UP WITH THE (JAPANESE) PARTNER WHICH FCCC OFFICIALS IN KARACHI CONTINUE TO STOUTLY CLAIM THEY DO NOT WANT. TONNIES AND EMERSON, HOWEVER, REMAINED HOPEFUL AS THEY LEFT KARACHI AND WILL BE USING ALL OF THEIR CONSIDERABLE ABILITIES IN NEGOTIATION IN ISLAMABAD IN PURSUIT OF THEIR OBJECTIVE.
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